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AUDIT STAFF REPORT OF AUDIT

This report presents the findings developed from an audit undertaken pursuant to Audit Staff responsibilities and authorities set forth in organization regulations. Unless otherwise indicated in the report, the audit included review and appraisal of internal controls and procedures and such other audit processes, test checks and verification of accounts, assets and transactions as were considered appropriate and consistent with generally accepted audit standards in the circumstances.

The objectives of the audit were to determine for management whether

- (1) Adequate controls and procedures have been established and are being applied effectively to safeguard organization resources and assure that resources are used only for approved and legal purposes, and
- (2) Activities are being conducted economically, efficiently and in conformance with policy determinations and directives.

Office of Research and Reports

For the period:

From

31 January 1963

Through

25X1A9A

Deputy Chief, Audit Staff

Date

19 March 1963

This report consists of 5 pages.

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**REPORT OF AUDIT
Office of Research and Reports**

As of 31 January 1963

INTRODUCTION

1. The Assistant Director for Research and Reports is charged with producing economic intelligence on the Sino-Soviet Bloc and geographic intelligence on all areas outside the United States, and with coordinating intelligence in these fields among the Federal departments and agencies. To accomplish this mission in FY 1963, the AD was authorized a T/O of [REDACTED] employees and a budget of [REDACTED]. Eighty-nine percent of budgeted expenses were for personal services; the remainder was for contractual services, supplies, and miscellaneous expenses. As of 31 January 1963, FY 1963 obligations totaled about [REDACTED] and there were [REDACTED] employees on duty.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

2. Procedures, internal controls, and records are generally good except as discussed in this report. Most of the recommendations suggest ways to improve efficiency rather than to correct deficiencies. We suggest that the Administrative Staff periodically inspect division support operations to suggest ways to improve efficiency, eliminate duplication, and provide for greater uniformity of operation among ORR divisions. Specific recommendations for ORR resulting from the audit are summarized below and are detailed in the following paragraphs:

- a. Amend procedures to provide for continuous follow-up action on advances immediately upon delinquency. (Paragraph 3)
- b. Establish uniform procedures to permit daily postings directly to the T/A reports. (Paragraph 4)
- c. Consider the recommendations made with regard to travel control procedures and records.

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- 2 -

- d. Instruct divisions to discontinue maintaining unnecessary administrative records. (Paragraph 6)
- e. Review unliquidated obligations periodically and report necessary adjustments. (Paragraph 7)
- f. Reduce the number of property accounts. (Paragraph 8)
- g. Comply with the recommendations made with regard to property account 5719. (Paragraph 9)
- h. Record all accountable property on CMR's. (Paragraph 10)

DETAIL COMMENTS

Follow-Up Procedures on Delinquent Advances Not Adequate

3. We noted that ORR approving officials do not assign due dates when approving vouchered funds advances and that advances are not considered delinquent until notification is received from Fiscal Division. During the audit, ORR received about 45 delinquency notices totaling about \$18,000 which included 7 accounts totaling \$2,800 outstanding over 90 days. Immediate action was initiated to clear the balances and we were subsequently informed that they have been or will be cleared shortly. We recommend that ORR amend its procedures to provide for follow-up action immediately upon delinquency without waiting for notices from Fiscal Division and that action be continued until accounts are cleared.

T/A Report Posting Procedures Not Uniform

4. ORR administrative assistants use various forms of subsidiary records to accumulate information needed to support entries on biweekly T/A reports. These subsidiary records, retained by the divisions for varying periods, are used for no purpose other than to record attendance and overtime. The T/A reports are posted, footed, and certified before forwarding to the Administrative Staff where they are checked and

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- 3 -

then forwarded to Payroll Branch, Office of the Comptroller. We recommend that the Administrative Staff prescribe uniform procedures which would permit the daily posting of entries directly to the T/A reports and which would reduce the need for subsidiary records. [REDACTED] para. 3c(2)).

Travel Control Procedures Need Modification

5. Although TDY travel support is controlled by a Travel Section within the ORR Administrative Staff, we noted that division administrative assistants are responsible for preparing requests, typing orders, completing vouchers, and maintaining records for domestic travel performed by employees assigned to their division. We believe that this procedure could be simplified and that duplication of records could be avoided if the Travel Section was assigned responsibility for preparing all travel orders and vouchers and for maintaining all ORR travel records. We recommend that operating officials consider this procedure. We also recommend destruction of unneeded travel records at division level and that files in the Travel Section be limited to (a) completed vouchers which can provide all necessary historical data and (b) outstanding travel orders which can be used to follow up on outstanding advances.

Unnecessary Administrative Records Maintained

6. We observed that some divisions maintain individual personnel files and leave records for each employee. [REDACTED] and Map Library Division, because they are located outside the Headquarters building, are authorized to maintain minimum size personnel files. We believe that with the exceptions cited, these records cannot be justified as they duplicate records readily available from the Administrative Staff. The Leave Balances Statement and the IBM listings of leave balances should provide information needed to verify the employee's personal leave record. We recommend that the divisions concerned be instructed to discontinue maintaining these records and to destroy those on hand.

Some Unliquidated Obligations Not Valid

7. Unliquidated obligations for FY 1961 and FY 1962 include some which, upon examination, were found to be either invalid or of doubtful validity. We furnished a detailed

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- 4 -

listing to the ORR Budget and Fiscal Officer and recommend that he take the action necessary to ensure that only valid obligations remain recorded. We also recommend that he review unliquidated obligations periodically and report necessary adjustments.

Number of Property Accounts Appears to be Excessive

8. The Office of Logistics assigned eighteen subsidiary accounts (to General Ledger Account 171, Property In Use - Headquarters) to control property charged to ORR. Account 5719 because of its size and because it is controlled outside the Headquarters building should be continued. However, we recommend that the twelve inactive accounts be cancelled and that the five remaining accounts be consolidated into one unless the inventory discussed in paragraph 10 below discloses a need for more than one.

CMR Not Verified

9. The October 1962 Consolidated Memorandum Receipt for property account 5719 has not been returned to the Office of Logistics. We recommend a physical inventory of property on hand and written confirmation of items issued on hand receipt so that the CMR can be verified and returned. We also recommend re-examination of the justification for property issued locally on hand receipt some of which has been outstanding, without written confirmation, since 1956. Additional work is required to ensure that all property, whether on hand or on loan, is correctly recorded on Materiel Record Cards. These recommendations should be completed promptly.

Some Accountable Property Not Recorded on CMR's

10. We were informed that CMR's recording property charged to the five active accounts were incomplete because there was nonadministrative type property in use by ORR components which was not included on the CMR. Apparently these items were omitted from the verified CMR's because of a misunderstanding between ORR and Office of Logistics personnel. We recommend that ORR personnel accomplish an inventory of property and report to the Office of Logistics

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- 5 -

**all nonadministrative type property, as defined in the
Instructions for Headquarters Responsible Property Officers,
not recorded on current CMR's.**

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